

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-05 DOTE-00 CIAE-00 INR-10

NSAE-00 RSC-01 DRC-01 /028 W

----- 130114

R 282013Z MAR 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 0510

INFO AMCONSUL GUAYAQUIL

UNCLAS QUITO 2094

FOR COMMERCE/OED/MEPD

E.O. 11652: N/A

TAGS: BEXP, EC

SUBJECT: QUITO SUBWAY

REF: STATE 050415

1. ON MARCH 21, EMBOFFS VISITED MINISTRY OF PUBLIC WORKS AND, IN ABSENCE OF MINISTER HIMSELF, PRESENTED LETTER INTENDED FOR MINISTER TO SUBSECRETARY, ING. ALFONSO NARDI.

2. IN SUBSTANCE, LETTER INFORMS MINISTER THAT TWO U.S. FIRMS HAVE EXPRESSED INTEREST IN PREFEASIBILITY STUDY FOR QUITO RAPID TRANSIT SYSTEM. MENTIONED BESIDES ROHR INDUSTRIES (REFTEL) IS DANIEL, MANN, JOHNSON & MENDELHALL, CURRENTLY COMPETING FOR FEASIBILITY STUDY TO MODERNIZE ECUADOREAN RAILWAY SYSTEM. (FYI: COMMERCIAL SECTION HAD EARLIER QUERIED PALMER & BAKER ENGINEERING COMPANY, WHICH IS EXPECTED TO RECEIVE ENGINEERING CONTRACT FOR EXTENSION OF PORT OF GUAYAQUIL, WHETHER THAT FIRM WAS INTERESTED IN QUITO SUBWAY PROJECT. PALMER & BAKER RECENTLY REPLIED THAT DANIEL, MANN & CO. HAD INDICATED INTEREST AND THAT FORMER WISHES TO JOIN IT AS MINORITY PARTNER. EN FYI.) LETTER STATES, IN ADDITION, THAT BOTH FIRMS ARE AWARE OF FINANCIAL SITUATION (I.E. MINISTRY HAS NO FUNDS TO PAY FOR THE PRE-FEASIBILITY STUDY) AND HAVE STILL EXPRESSED INTEREST IN LIGHT OF THIS KNOWLEDGE.

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3. SUBSECRETARY EXPRESSED GRATITUDE FOR INFORMATION. HE EXPLAINED THAT JAPANESE OFFER WAS ON GOVERNMENT-TO-GOVERNMENT BASIS, AND THAT, ALTHOUGH IT WAS DIFFICULT TO PASS UP OFFER OF FREE FEASIBILITY STUDY, GOE WAS IN NO WAY OBLIGATED TO JAPANESE FIRM. HE INTIMATED THAT GOE WOULD NOT TURN DOWN ANY OTHER SUCH OFFERS. EMBOFFS OFFERED ASSISTANCE TO PROVIDE MORE BACKGROUND ON FIRMS AND EVEN COMMUNICATE WITH U.S. FIRMS IF REQUESTED, BUT NARDI COMMENTED ONLY THAT HE WOULD PASS LETTER TO MINISTER AND REPLY WOULD BE FORTHCOMING SHORTLY.

4. WE UNDERSTAND THAT REPRESENTATIVE OF JAPANESE FIRM - WHICH NARDI DID NOT NAME - WILL ARRIVE IN QUITO THIS WEEK TO DISCUSS STUDY CONTRACT. ALTHOUGH EMBASSY MADE FIRST APPROACH DUE TO TIME FACTOR, WE BELIEVE INTERESTED U.S. FIRMS SHOULD COMMUNICATE DIRECTLY WITH MINISTRY AS SOON AS POSSIBLE. ADDRESS IS: CORONEL DE E.M. RAFAEL RODRIGUEZ PALACIOS, MINISTRO DE OBRAS PUBLICAS, AVENIDA 6 DE DICIEMBRE 1184, QUITO, CABLE MINOBRAS. THIS INFO SHOULD BE PASSED TO BOTH ROHR AND DANIEL, MANN.

5. THIRD U.S. FIRM HAS ALSO EXPRESSED INTEREST. REPRESENTATIVE OF BECHTEL CORP. TELEPHONED COMMERCIAL OFFICER FROM SAO PAULO ON MARCH 22 TO INQUIRE AS TO STATUS OF STUDY CONTRACT. COMMERCE, AT ITS DISCRETION, MAY WISH TO INFORM BECHTEL OF INFO IN PARA 4 ABOVE.  
BREWSTER

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## Message Attributes

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**Concepts:** n/a  
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**Review Authority:** shawdg  
**Review Comment:** n/a  
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